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# INTERNATIONAL ASSISTANCE FOR THE REHABILITATION AND RECONSTRUCTION OF NICARAGUA: AFTERMATH OF THE WAR AND NATURAL DISASTERS

## Report of the Secretary-General

## I. INTRODUCTION

1. At its forty-eighth session, the General Assembly adopted resolution 48/8 of 22 October 1993, entitled "International assistance for the rehabilitation and reconstruction of Nicaragua: aftermath of the war and natural disasters". In that resolution, the General Assembly, concerned at the fact that recent natural disasters and the burden of foreign debt were impeding Nicaragua's efforts to overcome the consequences of the war within the framework of a democracy and in the macroeconomic conditions already achieved, requested the Secretary-General, in cooperation with the relevant organs and organizations of the United Nations system, to provide Nicaragua with all necessary assistance for its rehabilitation, reconstruction, stabilization and development, in order to render peace and democracy irreversible.

2. In its related resolution 48/161 of 20 December 1993, entitled "The Situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development", the General Assembly, inter alia, welcomed with interest the initiative by the Government of Nicaragua concerning the establishment of an active group of friendly countries to play a particularly important role in supporting the reactivation of the economic and social development of the country, which would facilitate the strengthening of its institutional and democratic structures, and requested the Secretary-General to give his full support to that initiative.

3. The present report is submitted pursuant to paragraph 6 of General Assembly resolution 48/8.

4. It may be recalled that, at the end of the last decade, Nicaragua was in a situation of internal war, aggravated by an international confrontation that translated into a commercial embargo and economic blockade. The initiative of the central American Presidents in the Presidential Summits of Esquipulas I 1/ and II 2/ played an important role in the termination of the conflict, which was also supported by the international community and especially by the United Nations.

5. On 25 April 1990, for the first time in Nicaraguan history, the presidency was peacefully transferred to an opposition party, following the internationally monitored elections in February 1990. The new Government of National Reconciliation faced the tasks of carrying out a complex transition: from war to peace, from a centralized to a market economy, from an authoritarian regime to a participatory democracy, from poverty to development and from international isolation to political and economic reinsertion. This transition is considered an integral process in which advancement in any of the areas affects progress in the others. Since 1990, Nicaragua has registered substantial achievements in several of those areas. However, the delay in others may impair the overall transition process.

6. Pacification has advanced significantly. More than 20,000 members of Nicaraguan Resistance have been demobilized and the army has been reduced from 92,000 combatants to slightly over 15,000, the smallest in Central America. In addition, about 350,000 displaced persons and refugees have returned. An ambitious disarmament operation has been carried out mainly on a voluntary basis by buying up arms from civilians.

7. In the framework of the International Conference on Central American Refugees, large projects have been implemented to support demobilization and pacification in zones of former conflict. In addition, land distribution to former combatants involves almost half a million hectares. However, integral reintegration (social, productive, political, etc.) has been impeded by diverse factors, including the institutional weakness of the Government, mainly at the local level, insufficient coordination of resources and economic stagnation. Civilians are frequently rearming themselves and common criminality is growing, including armed robbery, assassination and kidnapping.

8. Democratic practices have improved, however. The country enjoys a level of political freedom greater than at any moment of its history. The functioning of the branches of the State is increasingly independent and balanced. This progress in democratic practices was confirmed in 1994, through events such as the resolution of the crisis in the National Assembly without the intervention of other branches of State; the holding of elections, accepted by all parties, in the former war zone of the Atlantic coast; the demobilization of the last politically motivated armed group, the Frente Norte 3-80; and the approval of a law transforming the Sandinista Army into a National Army and consolidating its submission to civil authority. However, the country must still overcome obstacles as it moves toward long-term, stable democracy. In that context it is important to complete the economic, social and cultural reintegration of the demobilized combatants and to build confidence in democratic institutions as a means to improve the lives of the majority.

9. In the economic field, the framework for a market economy has been established and macroeconomic stabilization has been achieved, with control of the hyperinflation of the last decade. However, production has not been reactivated. With a GNP of about $1,800 million and external aid at approximately $700 million per year, stabilization has been maintained through a massive influx of foreign resources and not through endogenous resources. The country has not been able to improve substantially its participation in international markets. Exports, at approximately $250 million, remain far below imports and the balance-of-payments deficit lies between $600 and 700 million. The external debt is approximately $10,000 million, the highest per capita debt in the world. Foreign investment is negligible and the unresolved property issue remains a major bottleneck for the improvement of the investment climate.

10. The social situation has deteriorated. The country's population of approximately 4.2 million is growing at an annual rate of 3.7 per cent and the stagnation of GNP translates into a drop in per capita production amounting to 10 per cent in the period from 1990 to 1993. Current per capita GNP is $425, at the level of least developed countries. According to a recent survey by the Ministry of Labour, sponsored by the United Nations Development Programme/International Labour Organization/Programa de Empleo para América Latina y el Caribe, urban unemployment stands at 22.6 per cent and underemployment at 20 per cent. A survey on living standards by the National Institute for Statistics and Census, sponsored, inter alia, by UNDP, shows that 75 per cent of Nicaraguan families live below the poverty level, with 44 per cent in extreme poverty; 13.9 per cent of Nicaraguans are homeless and 56.7 per cent live in houses with only one bedroom; 35.7 per cent have to carry their drinking water; 17.4 per cent do not have sanitary facilities; and only 49.8 per cent have electricity; illiteracy reaches 26.7 per cent and 23.7 per cent of children do not attend school. The environmental cost of poverty is high: 72.2 per cent use wood as domestic fuel, 38.9 per cent burn their refuse and 17.1 per cent simply leave it outdoors.

11. Significantly, these difficult social conditions have not translated into social explosions. A probable determining factor is the strong tradition of organization, social discipline and solidarity of the Nicaraguan people. However, the growth of social disruption is manifested in begging, prostitution, the break-up of families and, above all, the rise in common criminality. At present the main threat to democratic governance does not lie in political conflict, but in the deterioration of the conditions of life and the subsequent loss of faith in democracy and its institutions.

12. Nicaragua, as other countries in transition, is presently facing important decisions going far beyond the present transition, which will profoundly influence the lives of all citizens for many years. Examples of such significant decisions are: the formulation of a national development strategy; constitutional reform; transformation of the State; negotiations for the reintegration of the Nicaraguan economy into the international economy, including renegotiation of the external debt and negotiations concerning long-term aid; and solutions to critical problems that impede progress, such as the property issue. Broad participation in those discussions and in the formulation of possible solutions to such questions would also help prepare national actors for a consolidated culture of peace.

13. As suggested above, in spite of the achievements of the Nicaraguan transition, the country has not been able to advance in all areas and there is a lag in the socio-economic field in relation to the political and macroeconomic areas. The narrowing of that gap and the harmonization of the different areas of activity are at present the priority of the Nicaraguan transition process. To achieve this, international cooperation, including aid for macroeconomic stabilization, must be adapted to the national situation and allow for the formulation and application of specific measures directed towards reactivation of production, as the only way to improve the lives of the majority.

14. Complicating these tasks, in April and September 1992 Nicaragua suffered disasters caused by the eruption of the Cerro Negro volcano and the tsunami that hit the Pacific Coast, respectively. Tropical storm Brett battered the Atlantic coast in August 1993, causing floods that led to evacuation and the loss of homes and crops.

## II. ACTIVITIES OF THE UNITED NATIONS SYSTEM IN NICARAGUA PURSUANT TO GENERAL ASSEMBLY RESOLUTION 48/8

15. The following describes the activities of the United Nations system in Nicaragua during 1993-1994.

### A. United Nations Development Programme

16. Activities to support reconciliation, pacification and democratic governance include the following:

(a) Secretariat of the Support Group for Nicaragua. As mentioned in paragraph 17 of General Assembly resolution 48/161, the Support Group for Nicaragua was, at the request of the Government of Nicaragua, established at Managua in May 1994. It consists of representatives of the Governments of Canada, Mexico, the Netherlands, Spain and Sweden. UNDP has been serving as technical secretariat for the informal group, whose objectives are to follow closely the Nicaraguan transition to peace, democracy and development, and to support internal consensus-building in the country. With its informal character, the Group complements rather than substitutes for formal bodies such as the Consultative Group, covering issues not fully addressed in the latter, such as social or political issues, and providing continuity to the dialogue between Nicaragua and the international community. The Support Group for Nicaragua has decided, as its first task, to back the national efforts to solve the property issue, relying basically on the current capacity of UNDP;

(b) Project on democratic governance and economic growth. This project, related to the strengthening of the UNDP resident representation in Nicaragua, has three objectives:

(i) For Nicaragua, to support democratic governance and economic growth through the formulation of an integrated and participatory strategy for Reactivación Solidaria (reactivation of the social infrastructure on an egalitarian basis);

(ii) For the UNDP resident representation, to increase its capacity to communicate with and inform the Government and civil society, in order to assist in the transfer of methodologies for democratic processes, to facilitate consensus and, based on the above, to develop new criteria to orient, coordinate and evaluate United Nations cooperation in the context of global aid to Nicaragua;

(iii) To identify in the short term new possibilities and modalities for foreign aid.

The project, financed by the Government of Sweden, began in July 1992, with the formation of a team led by the Resident Representative to develop a strategy for Reactivación Solidaria (see above) within the guidelines of the UNDP concept of human development.

(c) Support for the National Reconciliation and Rehabilitation Programme. Within the programme, two projects in the former conflict zones, with an integrated and participatory approach to demobilization and resettlement;

(i) The Development Programme for the Displaced, Refugees and the Repatriated, in the northern zone of the country, financed by the Government of Italy. In order to ensure its sustainability, the Programme is preparing its transfer to local development agencies in 1994;

(ii) The Project for the Integral Development of the Displaced, Refugee and Repatriated Population in the Autonomous Region of the South Atlantic, financed by the Government of the Netherlands.

The first phases of both projects were completed in 1994. Their second phases, directed towards local human development in the regions concerned, are being considered within the framework of the Third International Meeting of the Follow-up Committee for the International Conference on Central American Refugees with a view to supporting the transition between pacification and development in those areas.

17. Activities to support the rule of law and state reform include the following:

(a) Strengthening of the judiciary branch. A project to create local courts in all municipalities of the country and to raise the technical level of judges and improve their living conditions is being executed nationwide by the Supreme Court with financing from UNDP and Sweden;

(b) Incorporation of human rights in the training of military personnel. Following an army proposal and with Swedish financing, a permanent body under the Chief of Staff, in close collaboration with civil human rights and academic institutions, will educate military personnel in the observance of human rights;

(c) Reform of government institutions. With multilateral and bilateral cooperation, the Government of Nicaragua has embarked upon a process of state reform, coordinated by the Ministry of Finance. Within that programme, ongoing

projects relate to strengthening the Ministry of Finance and the National Public Administration Institute. A project has also been designed to set up reform of the civil service, particularly its managerial levels, and for the establishment of a macro-institutional policy;

(d) Decentralization and strengthening of local government. With the Nicaraguan Institute for Municipal Promotion, UNDP has continued its support to the decentralization process and to local government;

(e) Strengthening the media. On the basis that the exercise of freedom of expression is a fundamental element for human development, a project has been implemented with the Ministry of the Presidency to support private communications media, starting with the daily newspapers. The project aims at encouraging the media to move beyond a partisan, alarmist and sensationalist approach towards a de-polarized and more objective in-depth coverage. Mass media should thus be able to contribute to the national dialogue by analysing issues relating to the roots of conflict;

(f) Support to strengthen public entities. This project includes support to the Nicaraguan Institute for Social Security and Welfare to reform and decentralize the social security system and to provide support to the Nicaraguan Housing Bank in the formulation of housing strategies and plans; support to the Supreme Electoral Council; support to the Ministry of Foreign Cooperation; and support to the Ministry of the Presidency and to the National General Comptroller.

18. Activities to support education and culture include:

(a) National cultural plan. With Japanese funding, the Nicaraguan Institute of Culture has initiated a project that includes the formulation of a national cultural plan. The project started with the rebuilding of the former National Palace (seat of the legislative branch until the 1972 earthquake) to convert it to a national palace of culture, with a national library, museum and archives;

(b) Other projects include the reform of the Superior University Council, as a preparatory step toward university reform, and correspondence courses and adult education projects.

19. Activities to support economic reactivation include the following:

(a) Credit through a non-conventional financial intermediary. Restricted access to credit for small-scale landowners, rather than lack of funds, is seriously impairing economic reactivation in the countryside. To overcome this, a credit system for small and medium-sized rural enterprises has been designed and is being presented to international financial institutions and bilateral donors for financing and implementation. The system follows the rationale of conventional credit but uses as an intermediary the existing network of grassroots financial and service organizations. An agreement on rural credit policies that allows for joint support to that system has been reached among the United Nations, the Inter-American Development Bank (IDB) and bilateral agencies;

(b) Foreign trade and investment. A project with the Ministry of the Economy and Development continues, aimed at reintegrating Nicaragua into international markets and at strengthening the National Fund for Investment. Cooperating agencies are the United Nations Industrial Development Organization (UNIDO), the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre UNCTAD/GATT;

(c) Agriculture. Within the framework of the International Conference on Central American Refugees, support to the Ministry of Agriculture has continued in the areas of agricultural statistics, agricultural technical assistance and in the formulation of an agricultural programme;

(d) Support to micro-scale enterprises. Support has continued to the micro-scale enterprises programme recently set up as a decentralized entity responsible directly to the Presidency.

20. Activities to support community participation and improvement of living conditions have been carried out with the Ministry of Social Action, which coordinates government activities in the social area:

(a) Community development. This project seeks to organize communities in every Nicaraguan municipality for the definition of their agenda of needs (social agenda) and for the participatory management of public investment resources;

(b) Formulation of social policies. This project seeks to strengthen the existing base of social data (through surveys and other means) and to support the development of an integrated social policy;

(c) Regional unit for technical assistance. In cooperation with the World Bank, this Central American regional project supports the development of social policies;

(d) Support to the Social and Emergency Investment Fund. This Fund, financed with IDB resources, has been integrated with community development projects in order to facilitate the participatory allocation of resources.

21. Activities to support environmental conservation and protection include:

(a) Environmental action plan. Support is provided to the Ministry of the Environment and Natural Resources for the formulation of a Capacity 21 project to implement the environmental action plan;

(b) Sustainable development network. A non-governmental organization has been created with the participation of public and civic institutions to promote electronic information exchange, coordination and dialogue in the environmental area;

(c) Other activities include satellite connection for sustainable development, INTERNET linked through V-SAT; development of ecotourism, together with the Ministry of Tourism, in the area of Río San Juan; and developing a biodiversity strategy through the Global Environment Facility.

## B. Agencies and other organs of the United Nations system: contributions in different fields

22. The paragraphs that follow provide a brief description of contributions by United Nations agencies and bodies other than UNDP.

### 1. United Nations Capital Development Fund

23. Projects relating to economic infrastructure in former conflict areas (water supply, sanitation, storage facilities, bridge construction, etc.) are being carried out with a participatory approach in the area covered by the Development Programme for the Displaced, Refugees and the Repatriated to complement post-war rehabilitation. They are critical for strengthening the peace process through economic recovery in the northern region.

24. A project on rural non-conventional credit will be directed towards small and medium-sized farmers and enterprises in the northern region of the country, in coordination with other UNDP credit projects.

### 2. United Nations Population Fund

25. An education programme on population problems aimed at promoting awareness of the demographic situation among young people and encouraging them to take a responsible attitude towards family planning and at preventing discrimination against women. The programme is being implemented by the Ministry of Education.

26. UNFPA supports the Nicaraguan Institute of Statistics and Census in identifying sources of funding and training national personnel to carry out a population and housing census.

### 3. World Food Programme

27. With the Ministry for Social Action, a programme of support for the socio-economic rehabilitation of the population affected by the war is being executed in regions damaged by the war and at present those most affected by poverty.

28. A milk distribution programme is being carried out by the Ministry of Education. It benefits 440,000 children of school age.

29. A programme for dairy development is also under way.

### 4. United Nations Children's Fund

30. The programme for integrated basic services is being carried out with the Ministry for Social Action and is directed toward women and children affected by war and poverty. It covers health, education, water and sanitation, with

particular attention to minors in difficult circumstances, and activities aimed at the organization and participation of women.

31. As regards alternative modalities of care for children in difficult circumstances, the concept of "street educators" is being developed, in cooperation with government agencies and non-governmental organizations.

32. UNICEF health and education programmes strengthen the municipal health networks with volunteer brigades, train health centre personnel, strengthen participation in immunization campaigns and assist in infant health care. They also support adult education programmes, particularly the women's literacy programme, and the creation of community kindergartens.

33. The UNICEF water and sanitation programme involves construction of latrines, wells and irrigation infrastructure.

### 5. Food and Agriculture Organization of the United Nations

34. FAO is running a project for the conservation and management of environmental resources with community participation, centred on the disaster zone of the Cerro Negro volcano. FAO has also supported the rehabilitation of agricultural activities in the same region.

35. Other activities include strengthening of women's management of agricultural production; support for grain and meat production and the fishery sector; support to food security planning; and Central American regional projects of rural development and communication for rural development.

### 6. International Fund for Agricultural Development

36. IFAD has activities aimed to assist the poorest farmers in the northern region of the country, to include training, credit, the encouragement of sustainable agriculture and soil conservation. The World Food Programme (WFP) will participate through food for work.

### 7. World Health Organization/Pan American Health Organization

37. Activities include the rehabilitation of health infrastructure, infant immunization and training of human resources.

### 8. United Nations Educational, Scientific and Cultural Organization

38. Activities focus on the improvement of the Nicaraguan education system, Central American projects to strengthen education in rural areas and the preparation of texts and reading materials for basic education.

9. United Nations Centre for Human Settlements (Habitat)

39. Habitat activities include assisting, with UNDP and third-party financing, the national programme for human settlements to formulate a policy for self-help construction, to organize model urban productive communities and to supervise municipal property registers; strengthening the decentralization process and promoting the financial autonomy of municipalities; and implementing a water and sanitation programme in the Autonomous Region of the South Atlantic.

Notes

1/ See Official Records of the General Assembly, Fortieth Year, Supplement for April, May and June 1986, document A/40/1119-S/18106, annex.

2/ Ibid., Forty-second Year, Supplement for July, August and September 1988, document A/42/521-S/19085, annex.

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